

Message Text

LIMITED OFFICIAL USE

PAGE 01 MANAGU 02852 212241Z
ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 SP-02 ICA-11 AID-05 NSC-05
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 H-01 L-03 PA-01 IO-13 /107 W
-----014857 212250Z /70

P R 212130Z JUN 78
FM AMEMBASSY MANAGUA
TO SECSTATE WASHDC PRIORITY 6521
INFO AMEMBASSY GUATEMALA
AMEMBASSY PANAMA
AMEMBASSY PORT AU PRINCE
AMEMBASSY SAN JOSE
AMEMBASSY SAN SALVADOR
AMEMBASSY TEGUCGALPA

LIMITED OFFICIAL USE MANAGUA 2852

E.O. 11652: NA
TAGS: AID, IDB, NU
SUBJECT: INTER-AMERICAN DEVELOPMENT BANK REPLENISHMENT NEGOTIATION

REF: (A) STATE 154116; (B) STATE 154399

1. EMBOFF DELIVERED STATEMENT CONTAINED REF B TO MINISTRY OF ECONOMY
ON JUNE 21 AND STRESSED IMPORTANCE THAT PROGRESS ON US POLICY ISSUES
WILL HAVE ON FUNDING LEVELS THAT US WILL BE ABLE TO SUPPORT. NICARAGUA

WILL NOT, HOWEVER, BE REPRESENTED DIRECTLY AT JUNE 29-30 MEETING IN
WASHINGTON, ACCORDING TO LIC. EDUARDO MENDOZA JARQUIN, DIRECTOR OF
INTERNATIONAL REGIONAL ECONOMIC AFFAIRS, MINISTRY OF ECONOMY.
MENDOZA SAID THAT HONDURAS REPRESENTS THE CENTRAL AMERICAN COMMON
MARKET MEMBER COUNTRIES AS WELL AS PANAMA AND HAITI AT SUCH IDB MEET-
INGS. HE ADDED THAT THESE SEVEN COUNTRIES HAVE ADOPTED A "UNITARY"
POSITION REGARDING THE REPLENISHMENT NEGOTIATIONS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANAGU 02852 212241Z

2. MENDOZA OUTLINED THAT POSITION AS FOLLOWS: (A) THE SEVEN NATIONS
ARE IN FAVOR OF REPLENISHING THE IDB AND WILL BE GUIDED BY THE IDB'S
BOARD OF DIRECTORS AS TO HOW THAT CAN BEST BE ACCOMPLISHED: (B) THE
DEVELOPED COUNTRY MEMBERS OF IDB, INCLUDING THE US, SHOULD FULFILL
THOSE FUNDING COMMITMENTS THEY ALLEGEDLY MADE AT THE FOURTH REPLENISH-

MENT SESSION AND EARLIER; AND (C) A DEFINITION OF "MIDDLE INCOME" COUNTRIES SHOULD NOT BE BASED ON PER CAPITA INCOME. WITH REGARD TO THE LATTER POINT, MENDOZA ADMITTED THAT THERE WAS NOT COMPLETE ACCORD ON WHAT FORMULA SHOULD BE USED TO DETERMINE MIDDLE INCOME STATUS. HE NOTED THAT HONDURAS AND NICARAGUA WOULD PREFER AN INDEX BASED

ON SOCIO-ECONOMIC CRITERIA SUCH AS THE U.S. DEPARTMENT OF COMMERCE HAS REPORTEDLY DEVELOPED, I.E. TAKING INTO ACCOUNT MORTALITY RATES, THE MATERIAL QUALITY OF LIFE, PERCENTAGE OF POPULATION WORKING IN AGRICULTURE, AND A NUTRITION COEFFICIENT.

3. EMBOFF ENUNCIATED USG'S PRIMARY OBJECTIVES IN NEGOTIATIONS AND MADE POINTS CONTAINED REF A. MENDOZA SEEMED TO UNDERSTAND US VIEWPOINTS BUT REITERATED THAT HONDURAS WILL PRESENT THE UNITED OPINION OF THE AFOREMENTIONED GROUP OF SEVEN AT WASHINGTON. IN AN ASIDE, MENDOZA COMMENTED THAT THE US SHOULD PERCEIVE IT AS BEING IN ITS INTEREST TO SEEK TO MAINTAIN A MORE THAN ONE-THIRD SHARE OF IDB FUNDING THEREBY GIVING IT A VETO POWER OVER IDB LOANS. EVEN THOUGH SOME OF HIS LATIN COLLEAGUES DESCRIBE THIS VETO POWER AS "PUNITIVE HEGEMONY", MENDOZA THINKS IT IS ALSO IN NICARAGUA'S INTEREST TO HAVE THE US RETAIN THAT POWER. HE ADDED THAT THE GON FAVORS BOTH EFFICIENT USE OF THE IDB'S RESOURCES AND A GREATER CONCENTRATION OF CONCESSIONAL LENDING TO THE POOR, STILL, HE SAID, STEPS

MUST BE TAKEN TO ASSURE THAT LOANS TO THE POOREST COUNTRIES REALLY REACH THE POOR PEOPLE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MANAGU 02852 212241Z

4. COMMENT: NICARAGUA OBVIOUSLY WANTS TO REMAIN ELIGIBLE FOR LOANS FROM THE IDB'S "SOFT WINDOW" BUT APPARENTLY RECOGNIZES THAT IT CAN ONLY HOPE TO QUALIFY FOR SUCH LOANS IF ITS FUTURE LOAN REQUESTS ARE GEARED TO HELPING THE POOR MAJORITY, AND IF CRITERIA OTHER THAN PER CAPITA INCOME ARE APPLIED TO DETERMINE NICARAGUA'S RELATIVE RANKING AMONG DEVELOPING COUNTRIES OF THE AREA. NICARAGUA'S OWN CURRENCY, IT SHOULD BE NOTED, IS FREELY CONVERTIBLE.
TUCKER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, DEVELOPMENT BANKS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MANAGU02852
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780259-0556
Format: TEL
From: MANAGUA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780636/aaaabevy.tel
Line Count: 103
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7385b784-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 154116, 78 STATE 154399
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2267241
Secure: OPEN
Status: NATIVE
Subject: INTER-AMERICAN DEVELOPMENT BANK REPLENISHMENT NEGOTIATION
TAGS: EAID, NU, IDB
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/7385b784-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014